

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4106
ANSWERED ON:14.12.2001
CLOSURE OF LOCAL AREA BANK IN RAJASTHAN
MONI KUMAR SUBBA

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has taken any decision to close down the Vinayak Local Area Bank in Sikar, Rajasthan; and
- (b) if so, the details thereof alongwith the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b): Reserve Bank of India (RBI) have reported that serious irregularities in the functioning of Vinayak Local Area Bank Ltd., Sikar was revealed during the inspection of the bank in January, 2001, by RBI. The bank was issued notice in July 2001, to show cause as to why the license granted to the bank should not be cancelled in view of the above irregularities. The bank has submitted reply to the show cause notice in August 2001, which RBI has not found satisfactory. On the bank's giving firm commitment in an oral hearing held in November 2001 to rectify the irregularities, the bank has been given opportunity to rectify the irregularities by December 22, 2001 failing which RBI would take such action as it may deem fit including cancellation of license and winding up of the banking company.